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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA -- SOUTHERN DIVISION**

LAURA HOFFMAN, an individual, on)
behalf of herself and all others)
similarly situated,)

Plaintiff,)

vs.)

CITIBANK (SOUTH DAKOTA),)
N.A., and DOES 1 through 10,)
inclusive,)

Defendants.)

Case No. SACV-06-571-AG(MLGx)

CLASS ACTION

**[PROPOSED]
SECOND AMENDED COMPLAINT
FOR: (1) VIOLATION OF TRUTH-
IN-LENDING REGULATIONS (12
C.F.R. § 226.9(c)); (2) VIOLATION
OF STATE CONSUMER
PROTECTION LAWS**

Assigned to the Honorable Andrew J.
Guilford, Courtroom 10D

Action Filed: May 5, 2006
Trial Date: Not set

Pursuant to Rule 15(a)(2) of the Federal Rules of Civil Procedure, Plaintiff
Laura Hoffman, on behalf of herself and all others similarly situated, alleges in
this Second Amended Complaint as follows:

I. NATURE OF THE CASE

1. This is a class action on behalf of all customers of Citibank (South
Dakota), N.A. or its predecessor Citibank USA, National Association

1 (collectively, "Citibank") who, between May 5, 2002 and the present, had a credit
2 card account with Citibank and who paid periodic finance charges that were
3 assessed from the beginning of a billing period in which the periodic rate was
4 increased as a result of a default or delinquency that occurred before August 20,
5 2009. These *retroactive increases without warning or advance notice* resulted in
6 additional lump sum finance charges being unilaterally imposed. Such additional
7 lump sum finance charges constitute an illegal penalty. This Court has jurisdiction
8 pursuant to 28 U.S.C. §§ 1331 and 1332(d)(2).

9 10 **II. JURISDICTION AND PARTIES**

11 2. Plaintiff Laura Hoffman is a resident of Orange County, California.
12 Plaintiff is informed and believes and thereon alleges that Citibank is a national
13 banking association based in South Dakota which is duly authorized to do
14 business in the Central District of California and does, in fact, transact business in
15 this District. Venue is proper in this District because a substantial part of the
16 events giving rise to the claims occurred in this District.

17 18 **III. GENERAL ALLEGATIONS**

19 3. This case arises out of Citibank's business practice of reviewing its
20 delinquent credit card accounts during its end-of-billing-cycle review process,
21 targeting selected cardholders for rate increases as a result of such review, and
22 selectively imposing *backdated* rate increases on certain of its existing
23 cardholders. Citibank implements this practice by conducting its end-of-billing-
24 cycle review of credit agency reports and account activity pertinent to the account,
25 making its decision whether or not to increase the interest rates and finance
26 charges for the billing cycle just ended, and in the event it decides to impose a rate
27 increase, *backdating the effective date of its rate increases* to the first day of the
28 billing cycle just ended and *recalculating finance charges* at such higher rate.

1 This practice violates Federal Truth-in-Lending Regulations, specifically 12
2 C.F.R. § 226.9(c) which requires notice of a rate increase to be given *before* the
3 date from which it takes effect. As a result of this practice, customers whose rates
4 have been increased as a result of Citibank's end-of-billing-cycle review process
5 are totally unaware of the higher interest rates and finance charges for at least a
6 full month from the effective date of such increases, at which point they are
7 helpless to do anything about them.

8 4. Citibank imposes these selective rate increases without warning or
9 advance notice, based on a highly secret and confidential methodology which
10 includes specific formulas whose details are not made public, not disclosed to its
11 cardholders, not included in its Cardmember Agreements, and not otherwise
12 explained by Citibank to its cardmembers. As a result of such unannounced rate
13 increases, many Citibank customers who reasonably believed, throughout a billing
14 cycle, that they were being charged at the agreed upon rate shown on their
15 previous billing statement, suddenly find themselves billed at a higher rate and
16 assessed more finance charges than they expected for the billing cycle just ended.

17 5. Citibank's practice of *retroactively* increasing interest rates and
18 finance charges *without warning or advance notice* has proven immensely
19 profitable to Citibank, but is completely unfair to consumers. Because these
20 increases are *backdated* by a whole month, customers cannot find out about them
21 until at least one month's interest has been assessed at a new, higher rate. For
22 example, a cardmember with a \$10,000 balance whose interest rate was 7.99% for
23 the past several months could suddenly find, upon reviewing a new billing
24 statement, that Citibank had increased his or her rate to 24.99% for the billing
25 cycle just ended, resulting in the instantaneous imposition of an additional
26 \$140.00 in finance charges for the billing cycle.

27 6. In the above example, the rate increase is completely unfair,
28 improper, and illegal in that it violates applicable Federal Truth-in-Lending

1 regulations, is unilaterally imposed *without warning or advance notice*, operates
2 *retroactively*, and is based on *secret formulas* known only to Citibank.
3 Furthermore, while Citibank represents in its Cardmember Agreement that it
4 calculates its finance charges by compounding interest on a daily basis, when it
5 imposes a rate increase, it effectively *recomputes the finance charges* that have
6 already accrued to the account during the cycle at a higher rate, instantaneously
7 creating an additional lump sum of finance charges that did not exist the moment
8 before the rate increase.

9 7. By increasing the rate of interest at the end of a billing cycle but
10 backdating the effective date of the increase to the beginning of the cycle,
11 Citibank not only creates an instantaneous lump sum finance charge that did not
12 exist the moment before the increase, it also denies a customer the opportunity to
13 pay off or transfer account balances to obtain a better rate of interest, or otherwise
14 mitigate the impact of the rate increase. Such additional finance charges are in the
15 nature of an illegal penalty. In effect, Citibank has carried out a scheme designed
16 to deliberately cheat a large number of consumers out of individually small sums
17 of money.

18 8. As a result of the *backdated rate increases without warning or*
19 *advance notice* described above, Citibank wrongfully imposed illegal, unfair,
20 unconscionable, and punitive rate increases and finance charges in the nature of
21 illegal penalties, on thousands of customers' accounts, in a manner that
22 intentionally denied them the ability to reject such increases or mitigate their
23 impact. Plaintiff is informed and believes that the total damages arising as a result
24 of the conduct alleged herein are in excess of \$5,000,000.00.

25 26 **IV. CLASS ALLEGATIONS**

27 9. Plaintiff brings this action on behalf of herself and all others similarly
28 situated (the "plaintiff class"), pursuant to Rule 23(a) and (b)(3) of the Federal

1 Rules of Civil Procedure, Rule 23(a) and (b)(2) of the Federal Rules of Civil
2 Procedure, or other applicable law, defined as follows:

3 All customers who, between May 5, 2002 and the present, had a
4 credit card account with Citibank (South Dakota), N.A. or its
5 predecessor Citibank USA, National Association, and who paid
6 periodic finance charges that were assessed from the beginning of a
7 billing period in which the periodic rate was increased as a result of a
8 default or delinquency that occurred before August 20, 2009.

9 10. This action has been brought and may properly be maintained as a
10 class action, satisfying the numerosity, commonality, typicality, adequacy, and
11 superiority requirements of Rules 23(a) and 23(b)(3) of the Federal Rules of Civil
12 Procedure or other applicable law, because:

13 a) Individual joinder of class members is impracticable. Plaintiff is
14 informed and believes and thereon alleges that the class consists of at least
15 thousands of persons.

16 b) Common questions of law and fact exist as to all members of the class
17 that predominate over any question that affects only individual class members.
18 These common questions of law and fact include, without limitation:

19 1) whether Citibank increased interest rates and finance charges
20 for a selected group of its cardholders who were identified through its end-of-
21 billing-cycle account reviews;

22 2) whether the interest rate increases and additional finance
23 charges Citibank imposed as a result of its end-of-billing-cycle account reviews
24 were based on a methodology and set of formulas whose details are not made
25 public, disclosed to its cardholders, included in its Cardmember Agreements, or
26 otherwise explained by Citibank to its cardmembers;

27 3) whether such interest rate increases and additional finance
28 charges were unilaterally imposed by Citibank without warning or advance notice;

1 4) whether the effective dates of such interest rate increases were
2 backdated to the beginning of the billing cycle for which they were imposed;

3 5) whether the manner in which Citibank imposed such rate and
4 finance charge increases denied cardholders the opportunity to avoid the impact of
5 such increases by paying off or transferring account balances, or otherwise
6 mitigating the impact of the increases;

7 6) whether Citibank violated federal Truth-in-Lending
8 Regulations in backdating the effective dates of such rate and finance charge
9 increases;

10 7) whether Citibank's retroactive interest rate increases and the
11 resultant additional finance charges as described above constituted an illegal
12 penalty;

13 8) whether Citibank's retroactive interest rate increases and the
14 resultant additional finance charges were unconscionable;

15 9) whether Citibank is liable for violation of state Consumer
16 Protection Laws; and

17 10) whether Citibank is liable for unlawful, unfair and deceptive
18 business practices.

19 c) Plaintiff's claims are typical of the claims of plaintiff class members
20 because Plaintiff has or has had a credit card account with Citibank, and during the
21 relevant period paid periodic finance charges that were assessed from the
22 beginning of a billing period in which the periodic rate was increased as a result of
23 a default or delinquency that occurred before August 20, 2009. Plaintiff suffered
24 the same type of damages in the form of excess interest and finance charges that
25 other plaintiff class members suffered. Specifically, for the billing period ending
26 September 20, 2005, Citibank assessed interest charges for purchases at a rate of
27 15.9% against Plaintiff. Plaintiff's billing statement dated September 20, 2005
28 provided no indication that the rate would change for the following billing cycle.

1 However, for the following billing cycle ending October 19, 2005, as a result of
2 Citibank's end-of-billing-cycle review process, Citibank decided to increase
3 Plaintiff's interest rate for purchases to 30.74%. This new, higher rate first
4 appeared on Plaintiff's billing statement dated October 19, 2005, but with an
5 effective date for the increase backdated to September 21, 2005. Citibank
6 provided no advance notice of the backdated interest rate increase prior to its
7 effective date of September 21, 2005, which resulted in additional lump sum
8 finance charges of approximately \$68.00 being created for the billing cycle ending
9 October 19, 2005 at the moment the rate increase was imposed. This is an unfair
10 and deceptive billing practice and unlawful in that it violates Federal Truth-in-
11 Lending regulations.

12 d) Plaintiff is an adequate representative of the plaintiff class because
13 she shares the same interests as all plaintiff class members and because her claims
14 and losses in terms of backdated interest rate and finance charge increases without
15 warning or advance notice are typical of those of the plaintiff class members.
16 Plaintiff has retained competent counsel who are experienced in class action
17 litigation and who will fairly and adequately protect the interests of plaintiff class
18 members.

19 e) A class action is superior to other available methods for the fair and
20 efficient adjudication of this litigation, since individual joinder of all customers of
21 Citibank whose interest rates and finance charges were increased in the
22 circumstances described herein, is impracticable. Such consumers' losses are
23 modest in relation to the expense and burden of individual prosecution of the
24 litigation necessitated by the defendant's wrongful conduct. It would be virtually
25 impossible for plaintiff class members to efficiently redress their wrongs
26 individually. Even if all plaintiff class members themselves could afford such
27 individual litigation, the Court system would benefit from a class action.
28 Individualized litigation would present the potential for inconsistent or

1 contradictory judgments. Individualized litigation would also magnify the delay
2 and expense to all parties and to the Court system presented by the issues of the
3 case. By contrast, the class action device presents far fewer management
4 difficulties and provides the benefit of comprehensive supervision by a single
5 Court, as well as economy of scale and expense.

6 f) Citibank has acted on grounds generally applicable to all the members
7 of the class, thereby also making final injunctive relief or declaratory relief
8 concerning the class as a whole appropriate, pursuant to Federal Rules of Civil
9 Procedure, Rule 23(b)(2) or other applicable law.

10 11. Plaintiff proposes that notice of this class action be provided by
11 notices included with or on class members' periodic billing statements, by
12 publication on the Internet, and by publication in a national publication.

13
14 **FIRST CAUSE OF ACTION**
15 **FOR VIOLATION OF TRUTH-IN-LENDING REGULATIONS**
16 **(12 C.F.R. § 226.9(c))**

17 **(Asserted by Plaintiff, on behalf of all plaintiff class members, against all**
18 **defendants)**

19 12. Plaintiff repeats, reiterates, and realleges each and every allegation
20 contained in the preceding paragraphs of this complaint.

21 13. Congress enacted the Truth-in-Lending Act ("TILA") to enhance
22 economic stabilization and promote competition by ensuring that consumers are
23 provided "meaningful disclosure of credit terms" and protected "against inaccurate
24 and unfair credit billing and credit card practices." *See* 15 U.S.C. § 1601(a).

25 14. Congress empowered and directed the Federal Reserve Board to
26 promulgate regulations that implement the TILA. *See* 15 U.S.C. § 1604(a).

27 15. The Board promulgated regulations that, *inter alia*, required Citibank
28 to give notice of any interest rate increase before the increase took effect. *See* 12

1 C.F.R. § 226.9(c)(1) (“notice shall be given, however, before the effective date of
2 the change.”); *see also*, 12 C.F.R. § 226.6 (the terms for which a change triggers
3 the notice requirement under § 226.9(c)(1) include finance charges). Citibank
4 violated this requirement when it retroactively increased the interest rates on
5 Plaintiff’s and the class members’ credit cards because it did not give notice of the
6 changes before they went into effect.

7 16. This notice requirement is further described in Comment 3 of the
8 Official Staff Interpretations of Regulation Z (12 C.F.R. part 226 Supp. I, Official
9 Commentary to §226.9(c)(1)) (“a notice of change in terms is required, but it may
10 be mailed or delivered as late as the effective date of the change . . . If there is an
11 increased periodic rate or any other finance charge attributable to the consumer's
12 delinquency or default.”)

13 17. Citibank’s conduct violated the above TILA requirements, which
14 renders it liable to Plaintiff and the class for actual damages, statutory damages,
15 costs and attorneys’ fees. *See* 15 U.S.C. § 1640(a).

16
17 **SECOND CAUSE OF ACTION**
18 **FOR VIOLATION OF STATE CONSUMER PROTECTION LAWS**
19 **(Unlawful, unfair and deceptive business acts and practices)**
20 **(Asserted by Plaintiff, on behalf of all plaintiff class members, against all**
21 **defendants)**

22 18. Plaintiff repeats, reiterates, and realleges each and every allegation
23 contained in the preceding paragraphs of this complaint.

24 19. Citibank’s actions toward Plaintiff and plaintiff class members, as set
25 forth above, constitute unlawful, unfair and deceptive business acts or practices in
26 violation of applicable law, including the consumer protection laws of all 50
27 States and the District of Columbia, including but not limited to the Alabama
28 Deceptive Trade Practices Act (Ala. Code §§ 8-19-1 through 8-19-15); the Alaska

1 Unfair Trade Practices and Consumer Protection Act (Alaska Stat. §§ 45.50.471
2 through 45.50.561); the Arizona Consumer Fraud Act (Ariz. Rev. Stat. Ann. §§
3 44-1521 through 44-1534); the Arkansas Deceptive Trade Practices Act (Ark.
4 Code Ann. §§ 4-88-101 through 4-88-207); the California Unfair Competition
5 Law (Cal. Bus. & Prof. Code §§ 17200 through 17594); the California Consumers
6 Legal Remedies Act (Cal. Civ. Code §§ 1750 through 1785); the Colorado
7 Consumer Protection Act (Colo. Rev. Stat. §§ 6-1-101 through 6-1-115); the
8 Connecticut Unfair Trade Practices Act (Conn. Gen. Stat. §§ 42-110a through 42-
9 110q); the District of Columbia Consumer Protection Procedures Act (D.C. Code
10 §§ 28-3901 through 28-3913); the Delaware Consumer Fraud Act (6 Del. Code §§
11 2511 through 2527, 2580 through 2584); the Florida Deceptive and Unfair Trade
12 Practices Act (Fla. Stat. §§ 501.201 through 501.213); the Georgia Fair Business
13 Practices Act (Ga. Code Ann. §§ 10-1-390 through 10-1-407); the Hawaii Unfair
14 and Deceptive Practices Act (Haw. Rev. Stat. §§ 480-1 through 480-24); the Idaho
15 Consumer Protection Act (Idaho Code Ann. §§ 48-601 through 48-619); the
16 Illinois Consumer Fraud and Deceptive Business Practices Act (815 Ill. Comp.
17 Stat. 505/1 through 505/12); the Indiana Deceptive Consumer Sales Act (Ind.
18 Code §§ 24-5-0.5-1 through 24-5-0.5-12); the Iowa Consumer Fraud Act (Iowa
19 Code §§ 714.16 through 714.16A); the Kansas Consumer Protection Act (Kan.
20 Stat. Ann. §§ 50-623 through 50-640 and 50-675a through 50-679a); the Kentucky
21 Consumer Protection Act (Ky. Rev. Stat. Ann. §§ 367.110 through 367.990); the
22 Louisiana Unfair Trade Practices and Consumer Protection Law (La. Rev. Stat.
23 Ann. §§ 51:1401 through 51:1420); the Maine Unfair Trade Practices Act (Me.
24 Rev. Stat. Ann. tit. 5, §§ 205A through 214); the Maryland Consumer Protection
25 Act (Md. Code Ann., Com. Law §§ 13-101 through 13-501); the Massachusetts
26 Regulation of Business Practice and Consumer Protection Act (Mass. Gen. Laws
27 Ann. ch. 93A, §§ 1 through 11); the Michigan Consumer Protection Act (Mich.
28 Comp. Laws §§ 445.901 through 445.922); the Minnesota False Statements in

1 Advertising Act (Minn. Stat. § 325F.67); the Minnesota Prevention of Consumer
2 Fraud Act (Minn. Stat. §§ 325F.68 through 325F.70); the Mississippi Consumer
3 Protection Act (Miss. Code Ann. §§ 75-24-1 through 75-24-27); the Missouri
4 Merchandising Practices Act (Mo. Rev. Stat. §§ 407.010 through 407.307); the
5 Montana Unfair Trade Practices and Consumer Protection Act (Mont. Code Ann.
6 §§ 30-14-101 through 30-14-142); the Nebraska Consumer Protection Act (Neb.
7 Rev. Stat. §§ 59-1601 through 59-1623); the Nevada Trade Regulation and
8 Practices Act (Nev. Rev. Stat. §§ 598.0903 through 598.0999); the New
9 Hampshire Consumer Protection Act (N.H. Rev. Stat. Ann. §§ 358-A:1 through
10 358-A:13); the New Jersey Consumer Fraud Act (N.J. Stat. Ann. §§ 56:8-1
11 through 56:8-91); the New Mexico Unfair Practices Act (N.M. Stat. §§ 57-12-1
12 through 57-12-22); the New York Consumer Protection Act (N.Y. Gen. Bus. Law
13 §§ 349 and 350); the North Carolina Consumer Protection Act (N.C. Gen. Stat. §§
14 75-1.1 through 75-35); the North Dakota Unlawful Sales and Advertising
15 Practices Act (N.D. Cent. Code §§ 51-15-01 through 51-15-11); the Ohio
16 Consumer Sales Practices Act (Ohio Rev. Code Ann. §§ 1345.01 through
17 1345.13); the Oklahoma Consumer Protection Act (Okla. Stat. tit. 15, §§ 751
18 through 763); the Oregon Unlawful Trade Practices Law (Or. Rev. Stat. §§
19 646.605 through 646.656); the Pennsylvania Unfair Trade Practices and Consumer
20 Protection Law (73 Pa. Stat. Ann. §§ 201-1 through 201-9.3); the Rhode Island
21 Unfair Trade Practice and Consumer Protection Act (R.I. Gen. Laws §§ 6-13.1-1
22 through 6-13.1-27); the South Carolina Unfair Trade Practices Act (S.C. Code
23 Ann. §§ 39-5-10 through 39-5-160); the South Dakota Deceptive Trade Practices
24 and Consumer Protection Law (S.D. Codified Laws §§ 37-24-1 through 37-24-
25 35); the Tennessee Consumer Protection Act (Tenn. Code Ann. §§ 47-18-101
26 through 47-18-125); the Texas Deceptive Trade Practices–Consumer Protection
27 Act (Tex. Bus. & Com. Code Ann. §§ 17.41 through 17.63); the Utah Consumer
28 Sales Practices Act (Utah Code Ann. §§ 13-11-1 through 13-11-23); the Vermont

1 Consumer Fraud Act (Vt. Stat. Ann. tit. 9, §§ 2451 through 2480g); the Virginia
2 Consumer Protection Act (Va. Code Ann. §§ 59.1-196 through 59.1-207); the
3 Washington Consumer Protection Act (Wash. Rev. Code §§ 19.86.010 through
4 19.86.920); the West Virginia Consumer Credit And Protection Act (W. Va. Code
5 §§ 46A-6-101 through 46A-6-110); the Wisconsin Fraudulent Representations Act
6 (Wis. Stat. § 100.18); the Wisconsin Unfair Business Practices Law (Wis. Stat. §§
7 100.20 through 100.264); and the Wyoming Consumer Protection Act (Wyo. Stat.
8 Ann. §§ 40-12-101 through 40-12-114) and any amendments and re-enactments
9 thereof (hereinafter, the “State Consumer Protection Laws”).

10 20. The aforementioned State Consumer Protection Laws contain
11 substantially similar provisions against unfair methods of competition and
12 unlawful, unfair or deceptive acts or practices undertaken by any person in a
13 transaction intended to result or which results in the sale or lease of goods or
14 services to a consumer, including prohibitions against falsely representing the
15 characteristics, ingredients, uses, benefits, or quantities of the subject of a
16 consumer transaction and against unconscionable contract provisions.

17 21. In particular, the following acts, among others, constitute unlawful,
18 unfair and deceptive business acts and practices:

19 a) Citibank’s contractual provisions, which purport to allow retroactive
20 increases of interest rates and finance charges without warning or advance
21 notice, are unconscionable. The inclusion of an unconscionable provision
22 in a contract is an unfair and deceptive act or practice under applicable State
23 Consumer Protection Laws.

24 b) Citibank sends its customers monthly billing statements which
25 purport to represent the interest rates currently being charged as of the
26 statement dates. However, for those customers who subsequently receive a
27 backdated rate increase, this representation is false. Citibank thus falsely
28 represents the characteristics of its services, which is an unfair and

1 deceptive practice under applicable State Consumer Protection Laws.

2 c) Citibank's contractual provisions purporting to allow the creation of
3 instantaneous lump sum finance charges as a result of an unannounced rate
4 increase are unconscionable and in the nature of an illegal penalty. This is
5 an unfair and deceptive practice under applicable State Consumer Protection
6 Laws.

7 d) Citibank represents that it calculates its finance charges throughout
8 the month by compounding interest on a daily basis. These representations
9 are false for class members. In the event of an end-of-billing-cycle rate
10 increase, Citibank backdates the rate increase and recomputes these finance
11 charges using the higher rates. This is an unfair and deceptive practice
12 under applicable State Consumer Protection Laws.

13 e) Citibank's violation of applicable Truth-in-Lending regulations, as
14 alleged hereinabove, constitutes an unlawful, unfair and deceptive practice
15 under applicable State Consumer Protection Laws.

16 22. Plaintiff is informed and believes and thereon alleges that the above
17 described unlawful, unfair and deceptive practices were willfully and intentionally
18 adopted by Citibank in order to mislead its customers as to the interest rates and
19 finance charges they were being charged; to effectively deny cardmembers the
20 ability to mitigate the impact of Citibank's backdated rate increases from its end-
21 of-billing-cycle account reviews; to permit the imposition of illegal penalties; and
22 to enhance defendant's income through the imposition of unfair retroactive
23 interest rate and finance charge increases.

24 23. The above practices constituted a scheme by Citibank to deliberately
25 cheat a large number of customers out of individually small sums of money.

26 24. Plaintiff served her initial complaint on Defendant on May 22, 2006.
27 In addition, on May 5, 2006, plaintiff provided defendant with written notice of
28 her and the class's claims, via U.S. certified mail, return receipt requested, and

1 demanded that, within 30 days, Defendant correct, repair, replace or otherwise
2 rectify the unfair and deceptive practices complained of herein. Defendant failed
3 to do so or agree to do so.

4 25. Defendant's actions, as set forth above, are unlawful, immoral,
5 unethical, oppressive, unscrupulous and substantially injurious to consumers, and
6 constitute unlawful, unfair and deceptive business acts and practices under
7 applicable State Consumer Protection Laws. In particular, Defendant's actions in
8 (a) conducting end-of-billing-cycle account reviews, (b) targeting selected
9 cardholders for rate increases, (c) imposing such increases *retroactively*, without
10 warning or advance notice, (d) recalculating the interest already accrued on a daily
11 basis using a higher rate, (e) creating instantaneous additional finance charges
12 while preventing a cardmember from doing anything about it, (f) in violation of
13 applicable Truth-in-Lending regulations and (g) using an end-of-billing-cycle
14 review process that Citibank does not disclose or explain to its cardmembers, are
15 unlawful, unfair and deceptive business practices.

16 26. As an example of the misleading nature of Defendant's actions,
17 consider a customer who begins his April billing cycle with a 7.99% rate of
18 interest. Assuming Citibank makes no change in the rate at its end-of-billing-
19 cycle account review, the customer is charged exactly the 7.99% he expects to be
20 charged. However, if Citibank decides, based on account activity during the April
21 billing cycle, to increase the rate to 25.99%, and backdates the increase to the
22 beginning of the April cycle, an additional lump sum finance charge is created the
23 moment Citibank applies the increased rate. As a result, the customer ends up
24 being charged a higher rate of interest and substantially greater finance charges
25 than he was led to believe he would incur throughout the April billing cycle. As
26 well as violating applicable regulations, this is an unfair and deceptive business
27 practice, since the customer would have no way of knowing that Citibank would
28 increase his rates until after the April statement is issued, by which time it would

1 be too late for him to do anything about it.

2 27. Plaintiff and plaintiff class members have suffered injury in fact and
3 have lost money as a direct and proximate result of such unlawful, unfair and
4 deceptive business practices and have sustained damages in an amount to be
5 proven at trial.

6 28. Unless Defendant is enjoined from continuing to engage in the
7 unlawful, unfair and deceptive acts and practices as described herein, members of
8 the class will continue to be damaged thereby.

9 29. Defendant, through its unlawful, unfair and deceptive practices, has
10 acquired money from members of the class in terms of excess interest and finance
11 charges.

12 30. Such conduct is ongoing and continues to this date. Plaintiff and
13 plaintiff class members are therefore entitled to the relief described below.

14
15 **WHEREFORE**, Plaintiff demands judgment on her behalf and on behalf of
16 the Class as follows:

17
18 1. On all causes of action, an award of damages in an amount to be
19 determined at trial.

20 2. On the first cause of action, for an additional award of statutory
21 damages pursuant to 15 U.S.C. § 1640(a)(2)(B).

22 3. On the second cause of action, for an additional award of statutory
23 damages as provided by the applicable State Consumer Protection Laws.

24 4. On the second cause of action, for an award of restitution and/or
25 disgorgement in an amount to be determined at trial.

26 5. On all causes of action, for injunctive relief.

27 6. On all causes of action, the costs of suit, including, but not limited to,
28 attorneys' fees.

1 7. Such other and further relief as may be just and proper.
2

3 DATED: April 22, 2010

 Respectfully Submitted,
4 LAW OFFICES OF BARRY L. KRAMER
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7
8 By: /S/- Barry L. Kramer

9 Attorney for Plaintiff Laura Hoffman
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